

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

<b>In Re:</b>  <b>W.R. GRACE &amp; CO., et al.,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (JKF)</b>
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**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING  
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES  
FOR THE FOURTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Fourteenth Interim Quarterly Period (collectively referred to hereafter as the "Applications").

**BACKGROUND**

1. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$181,246.00 and costs totaling \$5,185.65 for its services from July 1, 2004, through September 30, 2004.

2. Campbell & Levine LLC ("Campbell") was retained as counsel to the official committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$57,699.00 and costs totaling \$4,325.19 for its services from July 1, 2004, through September 30, 2004.

3. Capstone Corporate Recovery, LLC ("Capstone") was retained as financial advisors

to the Official Committee of Unsecured Creditors. In the Application, Capstone seeks approval of fees totaling \$212,667.25 and costs totaling \$2,667.81 for its services from July 1, 2004, through September 30, 2004.

4. Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein (“CBBG”) was retained as Special Litigation and Environmental Counsel to Debtors. In the Application, CBBG seeks approval of fees totaling \$258,508.00 and costs totaling \$12,346.06 for its services from July 1, 2004, through September 30, 2004.

5. Casner & Edwards, LLP (“Casner”) was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$66,584.00 and expenses totaling \$42,338.01 for its services from July 1, 2004, through September 30, 2004.

6. David T. Austern (“Austern”) was retained as representative to the Future Claimants. In the Application, Austern seeks approval of fees totaling \$16,150.00 and costs totaling \$273.00 for his services from July 1, 2004, through September 30, 2004.

7. Duane Morris LLP (“Duane Morris”) was retained as counsel to the Official Committee of Unsecured Creditors. In the Application, Duane Morris seeks approval of fees totaling \$55,509.00 and costs totaling \$783.31 for its services from July 1, 2004, through September 30, 2004.

8. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Ferry Joseph seeks approval of fees totaling \$21,683.50 and costs totaling \$2,494.79 for its services from July 1, 2004, through September 30, 2004.

9. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the

Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$11,310.00 and costs totaling \$0.00 for its services from July 1, 2004, through September 30, 2004.

10. Holme Roberts & Owen, LLP (“HRO”) was retained as special environmental counsel to the Debtors. In the Application, HRO seeks approval of fees totaling \$35,050.00 and costs totaling \$2,014.79 for its services from July 1, 2004, through September 30, 2004.

11. Klett Rooney Lieber & Schorling (“Klett Rooney”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, Klett Rooney seeks approval of fees totaling \$61,893.00 and costs totaling \$4,063.50 for its services from July 1, 2004, through September 30, 2004.

12. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$47,550.00 and costs totaling \$995.20 for its services from July 1, 2004, through September 30, 2004.

13. Latham & Watkins, LLP (L&W) was retained as special environmental counsel to the Debtors. In the Application, Latham seeks approval of fees totaling \$93,064.00 and costs totaling \$5,400.76 for its services from July 1, 2004, through September 30, 2004.

14. Legal Analysis Systems, Inc. (“LAS”) was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$35,115.00 and costs totaling \$492.96 for its services from July 1, 2004, through September 30, 2004.

15. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as

special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$32,707.00 and costs totaling \$589.95 for its services from July 1, 2004, through September 30, 2004.

16. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“Pachulski”) was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$85,547.00 and costs totaling \$94,862.01 for its services from July 1, 2004, through September 30, 2004.

17. Phillips, Goldman & Spence, P.A. (“PG&S”) was retained as local counsel to David T. Austern, Future Claimants’ Representative. In the Application, PG&S seeks approval of fees totaling \$10,863.00 and costs totaling \$1,722.87 for its services from July 1, 2004, through September 30, 2004.

18. Pitney, Hardin, Kipp & Szuch, LLP (“Pitney Hardin”), was retained as special counsel to the Debtors. In the Application, Pitney Hardin seeks approval of fees totaling \$76,695.00 and costs totaling \$14,481.13 for its services from July 1, 2004, through September 30, 2004.

19. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. In the Application, Reed Smith seeks approval of fees totaling \$47,586.50 and costs totaling \$1,926.34 for its services from July 1, 2004, through September 30, 2004.

20. Steptoe & Johnson, LLP (“Steptoe”) was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$17,684.00 and costs totaling \$1,638.75 for its services from July 1, 2004, through September 30, 2004.

21. Swidler Berlin Shereff Friedman, LLP (SBSF) was retained as counsel to David T.

Austern, legal representative for future asbestos claimants. In the Application, SBSF seeks approval of fees totaling \$296,073.25 and costs totaling \$14,400.95 for its services from July 1, 2004, through September 30, 2004.

22. L. Tersigni Consulting P.C. ("Tersigni") was retained as accountant and financial advisor for the official committee of asbestos personal injury claimants. In the Application, Tersigni seeks approval of fees totaling \$232,592.50 and costs totaling \$929.78 for its services from July 1, 2004, through September 30, 2004.

23. Woodcock Washburn LLP ("Woodcock") was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$344,359.00 and costs totaling \$52,575.43 for its services from July 1, 2004, through September 30, 2004.

24. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

## **DISCUSSION**

25. We have no objections to, or issues with any of the Applications.

## CONCLUSION

26. Thus for the period of July 1, 2004, through September 30, 2004 we recommend approval of all fees and expenses for the following applicants:

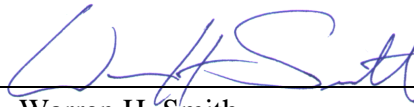
- a. BMC - fees totaling \$181,246.00 and costs totaling \$5,185.65.
- b. Campbell - fees totaling \$57,699.00 and costs totaling \$4,325.19.
- c. Capstone - fees totaling \$212,667.25 and costs totaling \$2,667.81.
- d. Carella (CBBG) - fees totaling \$258,508.00 and costs totaling \$12,346.06.
- e. Casner - fees totaling \$66,584.00 and expenses totaling \$42,338.01.
- f. David T. Austern - fees totaling \$16,150.00 and costs totaling \$273.00.
- g. Duane Morris - fees totaling \$55,509.00 and costs totaling \$783.31.
- h. Ferry Joseph - fees totaling \$21,683.50 and costs totaling \$2,494.79.
- i. HRA - fees totaling \$11,310.00 and costs totaling \$0.00.
- j. HRO - fees totaling \$35,050.00 and costs totaling \$2,014.79.
- k. Klett Rooney - fees totaling \$61,893.00 and costs totaling \$4,063.50.
- l. Kramer Levin - fees totaling \$47,550.00 and costs totaling \$995.20.
- m. L&W - fees totaling \$93,064.00 and costs totaling \$5,400.76.
- n. LAS - fees totaling \$35,115.00 and costs totaling \$492.96.
- o. Nelson Mullins - fees totaling \$32,707.00 and costs totaling \$589.95.
- p. Pachulski - fees totaling \$85,547.00 and costs totaling \$94,862.01.
- q. PG&S - fees totaling \$10,863.00 and costs totaling \$1,722.87.
- r. Pitney Hardin - fees totaling \$76,695.00 and costs totaling \$14,481.13.
- s. Reed Smith - fees totaling \$47,586.50 and costs totaling \$1,926.34.

- t. Steptoe - fees totaling \$17,684.00 and costs totaling \$1,638.75.
- u. SBSF - fees totaling \$296,073.25 and costs totaling \$14,400.95.
- v. Tersigni - fees totaling \$232,592.50 and costs totaling \$929.78.
- w. Woodcock - fees totaling \$344,359.00 and costs totaling \$52,575.43.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

By: \_\_\_\_\_



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**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 8<sup>th</sup> day of March, 2005.



Warren H. Smith

**SERVICE LIST**

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